

# Exhibit E



October 3, 2017

Internal Revenue Service  
Department of the Treasury  
Andover, MA 01810

Re: Stephen K. Pond, SSN [REDACTED]  
Form 843 for 2012

Gentlemen,

Our firm prepared the above-named taxpayer's Form 843 for tax year 2012, and your notice to the taxpayer (copy attached) regarding that form has been referred to us for reply. The Form 843 was in regard to a request for refund of interest paid on an income tax assessment for 2012 for which a refund was being requested on a Form 1040X.

The Form 843 as filed had two pages of attachments to it, one of which was a copy of page 1 of the Form 1040X the taxpayer filed with the Holtsville, NY office of the IRS. Written across that page in bold marker was a note as to where the original of the Form 1040X was filed, and it was assumed that your office would retrieve a copy of the Form 1040X as needed from that office in order to process the Form 843. It is our understanding from the notice's wording, however, that your office needs its own copy of the Form 1040X that was filed with the Holtsville office.

Accordingly, we have attached a full copy of the Form 1040X filed with the Holtsville office. It is stamped "FILE COPY" with a handwritten note across page 1 of the 1040X stating "Attachment to Form 843" to denote that it is merely an attachment to the Form 843 for purposes of processing the Form 843, and is not intended as a filing of Form 1040X with your office.

We do not have power of attorney with the taxpayer and understand that any further correspondence you send regarding the Form 843 or its attachments will be directly to the taxpayer.

Sincerely,

LBA Haynes Strand, PLLC

Michael J. Myrick, CPA

MJM:pam

xc: Stephen K. Pond

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**Certified Public Accountants**

Greensboro, NC  
336.286.3204

Matthews, NC  
704.841.1120

Mount Airy, NC  
336.789.8989

[www.LBAHS.com](http://www.LBAHS.com)



Department of the Treasury  
Internal Revenue Service  
ANSC  
Andover MA 01810

In reply refer to: 0841989279  
Sep. 14, 2017 LTR 96C 1  
201212 30  
00000023  
BODC: SB

STEPHEN K POND  
16 GRAYLYN PLACE CT  
WINSTON SALEM NC 27106

Tax periods: Dec. 31, 2012

Form: 843  
1040

Dear Taxpayer:

Thank you for your correspondence which we received on July 24, 2017.

Your correspondence indicates you filed an amended return for the 2012 tax period but our records do not indicate that we received one from you. We have enclosed a transcript of your account for further reference. This transcript shows your account activity as of September 11, 2017.

If you have questions, you can call us toll free at 1-800-829-0922.

If you prefer, you can write to us at the address at the top of the first page of this letter.

When you write, include a copy of this letter and provide in the spaces below, your telephone number and the hours we can reach you. Keep a copy of this letter for your records.

Telephone Number ( ) \_\_\_\_\_ Hours \_\_\_\_\_

Sincerely yours,

A handwritten signature in cursive script that reads "Maureen A. Doonan".

Maureen Doonan, Department Manager  
AM Operation 1, Department 1

Enclosures:  
2012 Account Transcript

## Amended U.S. Individual Income Tax Return

OMB No. 1545-0074

Information about Form 1040X and its separate instructions is at [www.irs.gov/form1040x](http://www.irs.gov/form1040x).This return is for calendar year ☒ 2012 ☐ 2011 ☐ 2010 ☐ 2009

Other year. Enter one: calendar year or fiscal year (month and year ended):

Your first name and initial

Last name

Your social security number

STEPHEN K. POND

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

Your phone number

16 GRAYLYN PLACE

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

WINSTON-SALEM, NC 27106

Foreign country name

Foreign province/state/county

Foreign postal code

Amended return filing status. You must check one box even if you are not changing your filing status.

Caution. In general, you cannot change your filing status from joint to separate returns after the due date.

☐ Single☐ Married filing jointly☐ Married filing separately☐ Qualifying widow(er)☒ Head of household (If the qualifying person is a child but not your dependent, see instructions.)

FILE COPY

Use Part III on page 2 to explain any changes

## Income and Deductions

1 Adjusted gross income. If net operating loss (NOL) carryback is included, check here ☐

2 Itemized deductions or standard deduction

3 Subtract line 2 from line 1

4 Exemptions. If changing, complete Part I on page 2 and enter the amount from line 30

5 Taxable income. Subtract line 4 from line 3

A. Original amount  
or as previously  
adjusted  
(see instructions)B. Net change -  
amount of increase  
or (decrease) -  
explain in Part IIIC. Correct  
amount

## Tax Liability

6 Tax. Enter method used to figure tax:

SCH D

7 Credits. If general business credit carryback is included, check here ☐

8 Subtract line 7 from line 6. If the result is zero or less, enter -0-

9 Other taxes

10 Total tax. Add lines 8 and 9

## Payments

11 Federal income tax withheld and excess social security and tier 1 RRTA tax withheld (if changing, see instructions)

12 Estimated tax payments, including amount applied from prior year's return

13 Earned income credit (EIC)

14 Refundable credits from Schedule(s) ☐ 8812 or ☐ M or Form(s) ☐ 2439☒ 4136 ☐ 5405 ☒ 8801 ☐ 8812 (2009-2011) ☐ 8839 ☐ 8883☐ 8885 or ☐ other (specify):

15 Total amount paid with request for extension of time to file, tax paid with original return, and additional tax paid after return was filed

16 Total payments. Add lines 11 through 15

## Refund or Amount You Owe (Note. Allow 8-12 weeks to process Form 1040X.)

17 Overpayment, if any, as shown on original return or as previously adjusted by the IRS

18 Subtract line 17 from line 16 (If less than zero, see instructions)

19 Amount you owe. If line 10, column C, is more than line 18, enter the difference

20 If line 10, column C, is less than line 18, enter the difference. This is the amount overpaid on this return

21 Amount of line 20 you want refunded to you

22 Amount of line 20 you want applied to your (enter year):

estimated tax 22

Complete and sign this form on Page 2.

**Part I Exemptions**

Complete this part only if you are:

- Increasing or decreasing the number of exemptions (personal and dependents) claimed on line 6d of the return you are amending, or
- Increasing or decreasing the exemption amount for housing individuals displaced by a Midwestern disaster in 2009.

See Form 1040 or Form 1040A instructions and Form 1040X instructions.

	A. Original number of exemptions or amount reported or as previously adjusted	B. Net change	C. Correct number or amount
<b>23</b> Yourself and spouse. <i>Caution. If someone can claim you as a dependent, you cannot claim an exemption for yourself</i> .....	<b>23</b>		
<b>24</b> Your dependent children who lived with you .....	<b>24</b>		
<b>25</b> Your dependent children who did not live with you due to divorce or separation .....	<b>25</b>		
<b>26</b> Other dependents .....	<b>26</b>		
<b>27</b> Total number of exemptions. Add lines 23 through 26 .....	<b>27</b>		
<b>28</b> Multiply the number of exemptions claimed on line 27 by the exemption amount shown in the instructions for line 28 for the year you are amending .....	<b>28</b>		
<b>29</b> If you are claiming an exemption amount for housing individuals displaced by a Midwestern disaster, enter the amount from Form 8914, line 6 for 2009 .....	<b>29</b>		
<b>30</b> Add lines 28 and 29. Enter the result here and on line 4 on page 1 of this form .....	<b>30</b>		

**31** List ALL dependents (children and others) claimed on this amended return. If more than 4 dependents, see instructions.

(a) First name	Last name	(b) Dependent's social security number	(c) Dependent's relationship to you	(d) Check box if qualifying child for child tax credit
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

**Part II Presidential Election Campaign Fund**

Checking below will not increase your tax or reduce your refund.

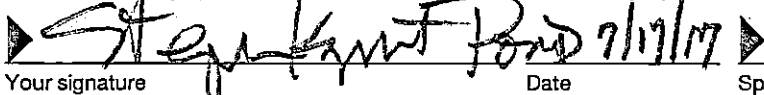
- ☐ Check here if you did not previously want \$3 to go to the fund, but now do.
- ☐ Check here if this is a joint return and your spouse did not previously want \$3 to go to the fund, but now does.

**Part III Explanation of changes.** In the space provided below, tell us why you are filing Form 1040X.

▶ Attach any supporting documents and new or changed forms and schedules.

**SEE ATTACHED.****Sign Here****Remember to keep a copy of this form for your records.**

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information about which the preparer has any knowledge.

 7/17/17

Your signature

Date

Spouse's signature. If a joint return, both must sign. Date

**Paid Preparer Use Only**▶ **JOHNNY C WOOD, CPA**

Preparer's signature

**06/22/17**

Date

**LBA HAYNES STRAND, PLLC**

Firm's name (or yours if self-employed)

**JOHNNY C WOOD, CPA**

Print/type preparer's name

**PO BOX 10949****GREENSBORO, NC 27404-**

Firm's address and ZIP code

**336-286-3204**

Phone number

EIN

☐ Check if self-employed

PTIN

210702  
12-17-12 For forms and publications, visit IRS.gov.

Form 1040X (Rev. 12-2012)

Stephen K. Pond  
SSN: [REDACTED]  
Form 1040X for 2012

This amended return corrects errors made by the IRS in its Notice of Computational Adjustment date April 26, 2017 (the "Notice"). The Notice was generated as a result of adjustments made after audit to the partnership return of Insect Shield, LLC (EIN: [REDACTED] hereinafter referred to as "Insect Shield") for the 2012 calendar year (the "Partnership Adjustment").

The Partnership Adjustment resulted in a reduction in the amount of ordinary business income of Insect Shield allocated to the taxpayer individually and as the deemed owner of the income of a grantor trust, the 1993 Irrevocable Grantor Trust for the Descendants of Stephen Knight Pond (EIN: [REDACTED] hereinafter referred to as the "Grantor Trust").

On the taxpayer's original Form 1040 for the 2012 tax year, the taxpayer reported \$488,791 of income allocated to the taxpayer from Insect Shield and \$477,816 of income allocated to the Grantor Trust from Insect Shield. The Partnership Adjustment resulted in a final allocation of \$187,028 to the taxpayer and \$187,028 to the Grantor Trust.

The Notice erroneously added the taxpayer's allocable share of Insect Shield income for 2012 (\$187,028) to the amounts already reported for the taxpayer and the Grantor Trust for 2012. This error resulted in a calculation of a balance due from the taxpayer of \$29,228 for 2012, which the taxpayer paid on May 2, 2017.

In fact, the reduction in the taxpayer's and the Grantor Trust's allocable shares of Insect Shield income for 2012 resulting from the Partnership Adjustment should not have resulted in any additional tax due, but instead should have increased the amount of the taxpayer's passive activity loss carryforwards to 2013, and changed the amount of foreign tax credits.

### **Specific Changes**

#### **Lines 6 & 7.**

The foreign tax credit changed for both regular tax and AMT because line 3e of Form 1116, Gross income from all sources, decreased for the changes made to I.S. ordinary business income described above. This caused more deductions to be allocated to foreign income, causing a reduction in foreign-sourced taxable income and a reduction in foreign tax credit for both regular tax and AMT.

#### **Line 15.**

The \$29,228 on line 15 is the tax paid in response to IRS Notice of Tax Due on Federal Tax Return for 2012 dated April 24, 2017 (Document Locator Number 17251-114-13003-17), changing the calculation of tax for 2012 based on the revised I.S. ordinary business income allocation.

For the year Jan. 1-Dec. 31, 2012, or other tax year beginning

, 2012, ending

, 20

See separate instructions.

Your first name and initial

Last name

Your social security number

STEPHEN K.

POND

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

16 GRAYLYN PLACE

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below.

WINSTON-SALEM, NC 27106

Foreign country name

Foreign province/state/county

Foreign postal code

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

☐ You ☐ Spouse

## Filing Status

1 ☐ Single2 ☐ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above

4 ☒ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here. ▶

5 ☐ Qualifying widow(er) with dependent child

Check only one box.

## Exemptions

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6ab ☐ Spouse

Boxes checked on 6a and 6b

No. of children on 6c who:

● lived with you

● did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above

c Dependents:

(1) First name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) If child under age 17 qualifying for child tax credit

KATHLEEN H. L POND

DAUGHTER

GEORGE K POND III

SON

STEPHEN K POND II

SON

If more than four dependents, see instructions and check here ▶ ☐

d Total number of exemptions claimed

## Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

8a Taxable interest. Attach Schedule B if required

b Tax-exempt interest. Do not include on line 8a

8b

173,603.

9a Ordinary dividends. Attach Schedule B if required

b Qualified dividends

9b

419,028.

10 Taxable refunds, credits, or offsets of state and local income taxes

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐

14 Other gains or (losses). Attach Form 4797

15a IRA distributions

15a

23,579.

b Taxable amount

16a Pensions and annuities

16a

571.

b Taxable amount

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits

20a

20,042.

b Taxable amount

21 Other income. List type and amount

NOL CARRYOVER TO 2012 -993,937.

22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶

## Adjusted Gross Income

23 Educator expenses

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2108 or 2108-EZ

25 Health savings account deduction. Attach Form 8889

26 Moving expenses. Attach Form 3903

27 Deductible part of self-employment tax. Attach Schedule SE

28 Self-employed SEP, SIMPLE, and qualified plans

29 Self-employed health insurance deduction

30 Penalty on early withdrawal of savings

31a Alimony paid b Recipient's SSN ▶

31a

1,000,000.

32 IRA deduction

33 Student loan interest deduction

34 Tuition and fees. Attach Form 8917

35 Domestic production activities deduction. Attach Form 8903

36 Add lines 23 through 35

37 Subtract line 36 from line 22. This is your adjusted gross income ▶

**Tax and Credits**

Standard Deduction for -  
 • People who check any box on line 39a or 39b or who can be claimed as a dependent.

• All others:  
 Single or Married filing separately, \$5,950  
 Married filing jointly or Qualifying widow(er), \$11,900  
 Head of household, \$9,700

38	Amount from line 37 (adjusted gross income)	38	5,527,217.
39a	Check <input checked="" type="checkbox"/> You were born before January 2, 1948, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1948, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a <input type="checkbox"/> 1		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here <input type="checkbox"/> 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	1,853,668.
41	Subtract line 40 from line 38	41	3,673,549.
42	Exemptions. Multiply \$3,800 by the number on line 6d	42	15,200.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	3,658,349.
44	Tax. Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/> 962 election SEC. 1291	44	541,673. <b>ORIG</b>
45	Alternative minimum tax. Attach Form 6251 <b>AS AMENDED</b>	45	206,227.
46	Add lines 44 and 45	46	747,900.
47	Foreign tax credit. Attach Form 1116 if required <b>AS AMENDED</b>	47	79,242.
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Education credits from Form 8863, line 19	49	
50	Retirement savings contributions credit. Attach Form 8880	50	
51	Child tax credit. Attach Schedule 8812, if required	51	
52	Residential energy credits. Attach Form 5695	52	
53	Other credits from Form: a <input checked="" type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	
54	Add lines 47 through 53. These are your total credits	54	79,242.
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	668,658.

**Other Taxes**

56	Self-employment tax. Attach Schedule SE	56	
57	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57	
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
59a	Household employment taxes from Schedule H	59a	22,838.
b	First-time homebuyer credit repayment. Attach Form 5405 if required	59b	
60	Other taxes. Enter code(s) from instructions	60	
61	Add lines 55 through 60. This is your total tax	61	691,496.

**Payments**

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099	62	3.
63	2012 estimated tax payments and amount applied from 2011 return	63	768,746.
64a	Earned income credit (EIC)	64a	
b	Nontaxable combat pay election <input type="checkbox"/> 64b		
65	Additional child tax credit. Attach Schedule 8812	65	
66	American opportunity credit from Form 8863, line 8	66	
67	Reserved	67	
68	Amount paid with request for extension to file	68	
69	Excess social security and tier 1 RRTA tax withheld	69	
70	Credit for federal tax on fuels. Attach Form 4136	70	15.
71	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input checked="" type="checkbox"/> 8801 d <input type="checkbox"/> 8885	71	30,298.
72	Add lines 62, 63, 64a, and 65 through 71. These are your total payments	72	799,062.

**Refund**

Direct deposit? See instructions.

73	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid	73	107,564.
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	74a	
b	Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings d Account number <input type="text"/>		
75	Amount of line 73 you want applied to your 2013 estimated tax	75	107,564.

**Amount You Owe**

76	Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions	76	
77	Estimated tax penalty (see instructions)	77	

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☒ Yes. Complete below. ☐ No

Designee's name **JOHNNY C WOOD, CPA** Phone no. **336-286-3204** Personal identification number (PIN)

**Sign Here**

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature **JOHNNY C WOOD, CPA** Date **06/21/17** Your occupation **CORPORATE OFFICER** Daytime phone number

Spouse's signature. If a joint return, both must sign. Date  Spouse's occupation  If the IRS sent you an Identity Protection PIN, enter it here

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
<b>JOHNNY C WOOD, CPA</b>	<b>JOHNNY C WOOD, CPA</b>	<b>06/21/17</b>		
Firm's name <b>LBA HAYNES STRAND, PLLC</b>	Firm's EIN <b>336-286-3204</b>	Phone no <b>336-286-3204</b>		
Firm's address <b>PO BOX 10949 GREENSBORO, NC 27404-</b>				

## Foreign Tax Credit

(Individual, Estate, or Trust)

2012

Attachment  
Sequence No. 19Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, 1041, or 990-T.

▶ Information about Form 1116 and its separate instructions is at [www.irs.gov/form1116](http://www.irs.gov/form1116).

Name

Identifying number as shown on page 1 of your tax return

STEPHEN K. POND

Use a separate Form 1116 for each category of income listed below. See **Categories of Income** in the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below.

- a ☒ Passive category income      c ☐ Section 901(j) income      e ☐ Lump-sum distributions  
 b ☐ General category income      d ☐ Certain income re-sourced by treaty

f Resident of (name of country) ▶ UNITED STATES

Note: If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.

**Part I** Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)

	Foreign Country or U.S. Possession			Total (Add cols. A, B, and C.)
	A	B	C	
g Enter the name of the foreign country or U.S. possession ▶	CANADA	GERMANY	SINGAPORE	
1a Gross income from sources within country shown above and of the type checked above:	68,989.	41,772.	87,258.	1a
b Check if line 1a is compensation for personal services as an employee, your total compensation from all sources is \$250,000 or more, and you used an alternative basis to determine its source (see instructions) ▶ <input type="checkbox"/>				
<b>Deductions and losses (Caution: See instructions):</b>				
2 Expenses definitely related to the income on line 1a (attach statement) ▶	4,236.	1,857.	3,880.	
3 Pro rata share of other deductions not definitely related:				
a Certain itemized deductions or standard deduction ▶	116,364.	116,364.	116,364.	
b Other deductions (attach statement) ▶	1,000,000.	1,000,000.	1,000,000.	
c Add lines 3a and 3b ▶	1,116,364.	1,116,364.	1,116,364.	
d Gross foreign source income ▶	68,989.	41,772.	87,258.	
e Gross income from all sources ▶	12,164,331.	12,164,331.	12,164,331.	
f Divide line 3d by line 3e ▶	.005671	.003434	.007173	
g Multiply line 3c by line 3f ▶	6,331.	3,834.	8,008.	
4 Pro rata share of interest expense:				
a Home mortgage interest (use worksheet for Home Mortgage Interest in the instructions) ▶				
b Other interest expense ▶				
5 Losses from foreign sources ▶				
6 Add lines 2, 3g, 4a, 4b, and 5 ▶	10,567.	5,691.	11,888.	6
7 Subtract line 6 from line 1a. Enter the result here and on line 15, page 2 ▶				7

**Part II** Foreign Taxes Paid or Accrued

Country	Credit is claimed for taxes (you must check one) (h) <input checked="" type="checkbox"/> Paid (i) <input type="checkbox"/> Accrued	Foreign taxes paid or accrued								
		In foreign currency				In U.S. dollars				
		Taxes withheld at source on:			(n) Other foreign taxes paid or accrued	Taxes withheld at source on:			(r) Other foreign taxes paid or accrued	(s) Total foreign taxes paid or accrued (add cols. (o) through (r))
		(j) Date paid or accrued	(k) Dividends	(l) Rents and royalties		(m) Interest	(o) Dividends	(p) Rents and royalties		
A						14,498.			13.	14,511.
B	1099 TAX					8,102.				8,102.
C	1099 TAX					12,716.				12,716.

8 Add lines A through C, column (s). Enter the total here and on line 9, page 2 ▶

8

LHA For Paperwork Reduction Act Notice, see instructions.

Form 1116 (2012)

# Foreign Tax Credit

(Individual, Estate, or Trust)

▶ Attach to Form 1040, 1040NR, 1041, or 990-T.

OMB No. 1545-0121

**2012**

Attachment  
Sequence No. **19**

▶ Information about Form 1116 and its separate instructions is at [www.irs.gov/form1116](http://www.irs.gov/form1116).

Name **STEPHEN K. POND** Identifying number as shown on page 1 of your tax return [REDACTED]

## STEPHEN K. POND

Use a separate Form 1116 for each category of income listed below. See **Categories of Income** in the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below.

- a ☒ Passive category income      c ☐ Section 901(j) income      e ☐ Lump-sum distributions  
b ☐ General category income      d ☐ Certain income re-sourced by treaty

### f Resident of (name of country) ▶ **UNITED STATES**

Note: If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.

### Part I Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)

	Foreign Country or U.S. Possession			Total (Add cols. A, B, and C.)
	A	B	C	
g Enter the name of the foreign country or U.S. possession	OTHER COUNTRIES	SOUTH AFRICA		
1a Gross income from sources within country shown above and of the type checked above:	7,723.	99,631.	8,240.	1a
b Check if line 1a is compensation for personal services as an employee, your total compensation from all sources is \$250,000 or more, and you used an alternative basis to determine its source (see instructions) ▶ <input type="checkbox"/>				
<b>Deductions and losses (Caution: See instructions):</b>				
2 Expenses definitely related to the income on line 1a (attach statement)	581.		366.	
3 Pro rata share of other deductions not definitely related:				
a Certain itemized deductions or standard deduction	116,364.	116,364.	116,364.	
b Other deductions (attach statement)	1,000,000.	1,000,000.	1,000,000.	
c Add lines 3a and 3b	1,116,364.	1,116,364.	1,116,364.	
d Gross foreign source income	7,723.	99,631.	8,240.	
e Gross income from all sources	12,164,331.	12,164,331.	12,164,331.	
f Divide line 3d by line 3e	.000635	.008190	.000677	
g Multiply line 3c by line 3f	709.	9,143.	756.	
4 Pro rata share of interest expense:				
a Home mortgage interest (use worksheet for Home Mortgage Interest in the instructions)				
b Other interest expense				
5 Losses from foreign sources				
6 Add lines 2, 3g, 4a, 4b, and 5	1,290.	9,143.	1,122.	6
7 Subtract line 6 from line 1a. Enter the result here and on line 15, page 2 ▶				7

### Part II Foreign Taxes Paid or Accrued

Country	Credit is claimed for taxes (you must check one) (h) <input checked="" type="checkbox"/> Paid (i) <input type="checkbox"/> Accrued	Foreign taxes paid or accrued								
		In foreign currency				In U.S. dollars				
		Taxes withheld at source on:			(n) Other foreign taxes paid or accrued	Taxes withheld at source on:			(r) Other foreign taxes paid or accrued	(s) Total foreign taxes paid or accrued (add cols. (o) through (r))
	(j) Date paid or accrued	(k) Dividends	(l) Rents and royalties	(m) Interest			(o) Dividends	(p) Rents and royalties		
A						419.				419.
B									2,207.	2,207.
C	1099 TAX					429.				429.

8 Add lines A through C, column (s). Enter the total here and on line 9, page 2 ▶ 8

LHA For Paperwork Reduction Act Notice, see instructions.

Form **1116** (2012)

## Foreign Tax Credit

(Individual, Estate, or Trust)

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, 1041, or 990-T.

▶ Information about Form 1116 and its separate instructions is at [www.irs.gov/form1116](http://www.irs.gov/form1116).

Name

Identifying number as shown on page 1 of your tax return

STEPHEN K. POND

Use a separate Form 1116 for each category of income listed below. See **Categories of Income** in the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below.

- a ☒ Passive category income      c ☐ Section 901(i) income      e ☐ Lump-sum distributions  
 b ☐ General category income      d ☐ Certain income re-sourced by treaty

f Resident of (name of country) ▶ UNITED STATES

Note: If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.

**Part I** Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)

	Foreign Country or U.S. Possession			Total (Add cols. A, B, and C.)
	A	B	C	
g Enter the name of the foreign country or U.S. possession ..... ▶ CHINA				
1a Gross income from sources within country shown above and of the type checked above: .....	329,812.			1a 643,425. ORIG
b Check if line 1a is compensation for personal services as an employee, your total compensation from all sources is \$250,000 or more, and you used an alternative basis to determine its source (see instructions) ..... ▶ <input type="checkbox"/>				
<b>Deductions and losses (Caution: See instructions):</b>				
2 Expenses definitely related to the income on line 1a (attach statement) .....				
3 Pro rata share of other deductions not definitely related:				
a Certain itemized deductions or standard deduction .....	116,364.			
b Other deductions (attach statement) .....	1,000,000.			
c Add lines 3a and 3b .....	1,116,364.			
d Gross foreign source income .....	329,812.			
e Gross income from all sources <b>AS AMENDED</b> .....	12,164,331.			
f Divide line 3d by line 3e .....	.027113			
g Multiply line 3c by line 3f .....	30,268.			
4 Pro rata share of interest expense:				
a Home mortgage interest (use worksheet for Home Mortgage Interest in the instructions) .....				
b Other interest expense .....				
5 Losses from foreign sources .....				
6 Add lines 2, 3g, 4a, 4b, and 5 .....	30,268.		AS AMENDED	69,969.
7 Subtract line 6 from line 1a. Enter the result here and on line 15, page 2 ..... ▶				7 573,456.

**Part II** Foreign Taxes Paid or Accrued

Country	Credit is claimed for taxes (you must check one) (h) <input checked="" type="checkbox"/> Paid (i) <input type="checkbox"/> Accrued (j) Date paid or accrued	Foreign taxes paid or accrued						(r) Other foreign taxes paid or accrued	(s) Total foreign taxes paid or accrued (add cols. (o) through (r))
		In foreign currency			In U.S. dollars				
		Taxes withheld at source on:			Taxes withheld at source on:				
		(k) Dividends	(l) Rents and royalties	(m) Interest	(n) Other foreign taxes paid or accrued	(o) Dividends	(p) Rents and royalties		
A								4,588.	4,588.
B									
C									
8 Add lines A through C, column (s). Enter the total here and on line 9, page 2 ..... ▶								8	42,972.

LHA For Paperwork Reduction Act Notice, see instructions.

Form 1116 (2012)

**Part III Figuring the Credit**

<b>9</b> Enter the amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I	<b>9</b>	42,972.	
<b>10</b> Carryback or carryover (attach detailed computation)	<b>10</b>	90,767.	
<b>11</b> Add lines 9 and 10	<b>11</b>	133,739.	
<b>12</b> Reduction in foreign taxes	<b>12</b>		
<b>13</b> Taxes reclassified under high tax kickout	<b>13</b>		
<b>14</b> Combine lines 11, 12, and 13. This is the total amount of foreign taxes available for credit	<b>14</b>	133,739.	<i>ORIG</i>
<b>15</b> Enter the amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I	<b>15</b>	573,456.	
<b>16</b> Adjustments to line 15	<b>16</b>	-36,027.	
<b>17</b> Combine the amounts on lines 15 and 16. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 18 through 22. However, if you are filing more than one Form 1116, you must complete line 20.)	<b>17</b>	537,429.	
<b>18</b> <b>Individuals:</b> Enter the amount from Form 1040, line 41, or Form 1040NR, line 39. <b>Estates and trusts:</b> Enter your taxable income without the deduction for your exemption	<b>18</b>	3,673,549.	<i>ORIG</i>
<i>Caution: If you figured your tax using the lower rates on qualified dividends or capital gains, see instructions.</i>			
<b>19</b> Divide line 17 by line 18. If line 17 is more than line 18, enter "1"	<b>19</b>	.146297	
<b>20</b> <b>Individuals:</b> Enter the amount from Form 1040, line 44. If you are a nonresident alien, enter the amount from Form 1040NR, line 42. <b>Estates and trusts:</b> Enter the amount from Form 1041, Schedule G, line 1a, or the total of Form 990-T, lines 36 and 37	<b>20</b>	541,650.	
<i>Caution: If you are completing line 20 for separate categories (lump-sum distributions), see instructions.</i>			
<b>21</b> Multiply line 20 by line 19 (maximum amount of credit)	<b>21</b>	79,242.	
<b>22</b> Enter the smaller of line 14 or line 21. If this is the only Form 1116 you are filing, skip lines 23 through 27 and enter this amount on line 28. Otherwise, complete the appropriate line in Part IV	<b>22</b>	79,242.	

**Part IV Summary of Credits From Separate Parts III**

<b>23</b> Credit for taxes on passive category income	<b>23</b>		
<b>24</b> Credit for taxes on general category income	<b>24</b>		
<b>25</b> Credit for taxes on certain income re-sourced by treaty	<b>25</b>		
<b>26</b> Credit for taxes on lump-sum distributions	<b>26</b>		
<b>27</b> Add lines 23 through 26	<b>27</b>		
<b>28</b> Enter the smaller of line 20 or line 27	<b>28</b>	79,242.	
<b>29</b> Reduction of credit for international boycott operations	<b>29</b>		
<b>30</b> Subtract line 29 from line 28. This is your foreign tax credit. Enter here and on Form 1040, line 47; Form 1040NR, line 45; Form 1041, Schedule G, line 2a; or Form 990-T, line 40a	<b>30</b>	79,242.	

Form 1116 (2012)

# Alternative Minimum Tax - Individuals

OMB No. 1545-0074

**2012**

Attachment  
Sequence No. **32**

► Information about Form 6251 and its separate instructions is at [www.irs.gov/form6251](http://www.irs.gov/form6251).

► Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

**STEPHEN K. POND**

## Part I Alternative Minimum Taxable Income

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.)	1	3,673,549.
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	
3	Taxes from Schedule A (Form 1040), line 9	3	82,227.
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	710,059.
6	Skip this line. It is reserved for future use	6	
7	Tax refund from Form 1040, line 10 or line 21	7	
8	Investment interest expense (difference between regular tax and AMT)	8	-272,281.
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	993,937.
11	Alternative tax net operating loss deduction	11	-164,760.
12	Interest from specified private activity bonds exempt from the regular tax	12	
13	Qualified small business stock (7% of gain excluded under section 1202)	13	
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	14	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	15	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	16	
17	Disposition of property (difference between AMT and regular tax gain or loss)	17	
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	18	
19	Passive activities (difference between AMT and regular tax income or loss)	19	0.
20	Loss limitations (difference between AMT and regular tax income or loss)	20	0.
21	Circulation costs (difference between regular tax and AMT)	21	67,369.
22	Long-term contracts (difference between AMT and regular tax income)	22	
23	Mining costs (difference between regular tax and AMT)	23	
24	Research and experimental costs (difference between regular tax and AMT)	24	
25	Income from certain installment sales before January 1, 1987	25	
26	Intangible drilling costs preference	26	
27	Other adjustments, including income-based related adjustments	27	-2.
28	Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately, see instructions.)	28	5,090,098. <i>ORIG</i>

## Part II Alternative Minimum Tax (AMT)

29	Exemption. See instructions	29	0.
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 31, 33, and 35, and go to line 34	30	5,090,098.
31	<ul style="list-style-type: none"> <li>• If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.</li> <li>• If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 54 here.</li> <li>• All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.</li> </ul>	31	756,412.
32	Alternative minimum tax foreign tax credit (see instructions)	32	87,754. <i>AS AMENDED</i>
33	Tentative minimum tax. Subtract line 32 from line 31	33	668,658.
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 47). If you used Sch J to figure your tax, the amount from line 44 of Form 1040 must be refigured without using Sch J	34	462,431. <i>AS AMENDED</i>
35	AMT. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	35	206,227.

LHA For Paperwork Reduction Act Notice, see your tax return instructions.

Form 6251 (2012)

**Part III Tax Computation Using Maximum Capital Gains Rates**

Complete Part III only if you are required to do so by line 31 or by the Foreign Earned Income Tax Worksheet in the instructions.

36	Enter the amount from Form 6251, line 30. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions for line 31	36	5,090,098.
37	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	37	7,184,744.
38	Enter the amount from Schedule D (Form 1040), line 19 (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	38	
39	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as figured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter	39	7,184,744.
40	Enter the smaller of line 36 or line 39	40	5,090,098.
41	Subtract line 40 from line 36	41	0.
42	If line 41 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result	42	
43	Enter: <ul style="list-style-type: none"> <li>• \$70,700 if married filing jointly or qualifying widow(er),</li> <li>• \$35,350 if single or married filing separately, or</li> <li>• \$47,350 if head of household.</li> </ul>	43	47,350.
44	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter -0-	44	
45	Subtract line 44 from line 43. If zero or less, enter -0-	45	47,350.
46	Enter the smaller of line 36 or line 37	46	5,090,098.
47	Enter the smaller of line 45 or line 46	47	47,350.
48	Subtract line 47 from line 46	48	5,042,748.
49	Multiply line 48 by 15% (.15)	49	756,412.
If line 38 is zero or blank, skip lines 50 and 51 and go to line 52. Otherwise, go to line 50.			
50	Subtract line 46 from line 40	50	
51	Multiply line 50 by 25% (.25)	51	
52	Add lines 42, 49, and 51	52	756,412.
53	If line 36 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result	53	1,421,727.
54	Enter the smaller of line 52 or line 53 here and on line 31. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 31. Instead, enter it on line 4 of the worksheet in the instructions for line 31	54	756,412.

Form 6251 (2012)

**Passive Activity Loss Limitations**

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1041.

▶ Information about Form 8582 and its instructions is available at [www.irs.gov/form8582](http://www.irs.gov/form8582).**2012**Attachment  
Sequence No. **88**

Name(s) shown on return

Identifying number

**STEPHEN K. POND****Part I 2012 Passive Activity Loss** Caution: Complete Worksheets 1, 2, and 3 before completing Part I.**Rental Real Estate Activities With Active Participation** (For the definition of active participation, see**Special Allowance for Rental Real Estate Activities** in the instructions.)

<b>1a</b> Activities with net income (enter the amount from Worksheet 1, column (a))	<b>1a</b>		
<b>b</b> Activities with net loss (enter the amount from Worksheet 1, column (b))	<b>1b</b>	-400,563.	
<b>c</b> Prior years unallowed losses (enter the amount from Worksheet 1, column (c))	<b>1c</b>	-145,093.	
<b>d</b> Combine lines 1a, 1b, and 1c		ORIG	<b>1d</b> -545,656.
<b>Commercial Revitalization Deductions From Rental Real Estate Activities</b>			
<b>2a</b> Commercial revitalization deductions from Worksheet 2, column (a)	<b>2a</b>		
<b>b</b> Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b)	<b>2b</b>		
<b>c</b> Add lines 2a and 2b			<b>2c</b>
<b>All Other Passive Activities</b>			
<b>3a</b> Activities with net income (enter the amount from Worksheet 3, column (a))	<b>3a</b>	AS AMENDED 801,098.	
<b>b</b> Activities with net loss (enter the amount from Worksheet 3, column (b))	<b>3b</b>	ORIG -145,262.	
<b>c</b> Prior years unallowed losses (enter the amount from Worksheet 3, column (c))	<b>3c</b>	ORIG -1,306,326.	
<b>d</b> Combine lines 3a, 3b, and 3c			<b>3d</b> -650,490.
<b>4</b> Combine lines 1d, 2c, and 3d. If this line is zero or more, stop here and include this form with your return; all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. Report the losses on the forms and schedules normally used			<b>4</b> -1,196,146.

- If line 4 is a loss and:
- Line 1d is a loss, go to Part II.
  - Line 2c is a loss (and line 1d is zero or more), skip Part II and go to Part III.
  - Line 3d is a loss (and lines 1d and 2c are zero or more), skip Parts II and III and go to line 15.

**Caution:** If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete Part II or Part III. Instead, go to line 15.

**Part II Special Allowance for Rental Real Estate Activities With Active Participation**

Note: Enter all numbers in Part II as positive amounts. See instructions for an example.

<b>5</b> Enter the smaller of the loss on line 1d or the loss on line 4	<b>5</b>	545,656.
<b>6</b> Enter \$150,000. If married filing separately, see instructions	<b>6</b>	150,000.
<b>7</b> Enter modified adjusted gross income, but not less than zero (see instructions)	<b>7</b>	5,507,175.
Note: If line 7 is greater than or equal to line 6, skip lines 8 and 9, enter -0- on line 10. Otherwise, go to line 8.		
<b>8</b> Subtract line 7 from line 6	<b>8</b>	
<b>9</b> Multiply line 8 by 50% (.5). Do not enter more than \$25,000. If married filing separately, see instructions	<b>9</b>	
<b>10</b> Enter the smaller of line 5 or line 9	<b>10</b>	0.
If line 2c is a loss, go to Part III. Otherwise, go to line 15.		

**Part III Special Allowance for Commercial Revitalization Deductions From Rental Real Estate Activities**

Note: Enter all numbers in Part III as positive amounts. See the example for Part II in the instructions.

<b>11</b> Enter \$25,000 reduced by the amount, if any, on line 10. If married filing separately, see instructions	<b>11</b>	
<b>12</b> Enter the loss from line 4	<b>12</b>	
<b>13</b> Reduce line 12 by the amount on line 10	<b>13</b>	
<b>14</b> Enter the smallest of line 2c (treated as a positive amount), line 11, or line 13	<b>14</b>	

**Part IV Total Losses Allowed**

<b>15</b> Add the income, if any, on lines 1a and 3a and enter the total	<b>15</b>	801,098.
<b>16</b> Total losses allowed from all passive activities for 2012. Add lines 10, 14, and 15. See instructions to find out how to report the losses on your tax return	<b>16</b>	801,098.